



WASTE REPORT for November 9, 2015

Dreaming of Waste: Medicare overpays for Sleep Studies

You have probably heard of sleep apnea, the condition where a person momentarily stops breathing during sleep. In fact, Medicare alone spends almost \$300 million a year on sleep studies to determine if patients have this condition. **Unfortunately, it seems Medicare has a problem with overpaying for these important studies, costing taxpayers as much as \$175 million a year.**

In a recent report, the **Inspector General for the Department of Health and Human Services noted that one provider of sleep studies recently agreed to repay \$15.3 million resulting from false claims.**¹

The IG report delved into another sleep study provider from Orlando that was estimated to have been **overpaid more than \$1 million, or almost 60 percent of all payments they received.** Specifically, the IG found, that in a sample of 100 patients, **74 percent of items billed were not allowable under Medicare guidelines. In addition, nearly one-third of those payments were made without supporting documentation, such as a doctor's referral.** And, in one instance, Medicare paid for a procedure that was not even done.²

Shockingly, roughly 60 percent of payments made to this particular provider were over 3-years old. Which means Medicare paid the bill for services without the required documentation and never followed up again.³ This never would have been noticed if it were not for the Inspector General. If this is the trend, then **the government could be improperly paying as much as \$175 million a year just on sleep studies.**

It is no wonder that the **Government Accountability Office estimated earlier this year that Medicare makes over \$45 billion, or roughly 12.7% of its outlays, in improper payments annually.** Further GAO lists a root cause of Medicare improper payments as, “[i]nsufficient documentation for home health claims...”⁴

For those keeping score, earlier this year the Waste Report reported how Coast Guard members were able to use a [medical travel program to take vacations](#). What made this waste possible? **Travel approvals made without required documentation**, including missing doctor referrals. See a trend?

¹ Pilcher, Lori S., *TOTAL SLEEP MANAGEMENT, INC., BILLED MEDICARE FOR UNALLOWABLE SLEEP STUDY SERVICES*, Office of the Inspector General, Department of Health and Human Services; Washington, D.C.; October 2015

² Ibid, pp 6

³ Ibid, pp 5

⁴ Bertoni, Daniel; Davis, Beryl H.; *IMPROPER PAYMENTS: Government-Wide Estimates and Use of Death Data to Help Prevent Payments to Deceased Individuals*; Testimony Before the Before the Committee on Homeland Security and Governmental Affairs, U.S. Senate; Government Accountability Office; Washington, D.C.; March 2015